GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:6164
ANSWERED ON:05.05.2000
FOREIGN TRADE
GIRIJA VYAS

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether there is heavy loss in foreign trade of the country;

(b) if so, the reasons therefor;

(c) whether the country`s balance of payment is also heading for huge deficit;

(d) if so, the details thereof and the reasons therefor; and

(e) the measures being taken by the Government to check the balance of payment deficit and loss in foreign trade?

Answer

MINISTER OF COMMERCE & INDUSTY

(SHRI MURASOLI MARAN)

(a) & (b) As per the Directorate General of Commercial Intelligence & Statistics provisional data, trade deficit during the year 1999-2000, has been to the tune of US $ 8616 million which is higher than the corresponding figure of the previous year. The reasons for trade deficit in foreign trade are international factors such as recession in the world market, economic crisis in some partner countries, and infrastructural constraints.

(c) & (d)The deficit in the current account of the balance payments declined significantly to US $ 4.0 billionin 1998-99 from US $ 5.5 billion in 1997-98. This current account deficit was only 1% of the GDP in 1998-99.With the sharp increase in oil prices, the current account deficit is expected to be in the range of 1.6 to 1.8% of GDP during 1999-2000.

(e) A number of steps have been taken to further enhance the export growth which include reduction in transaction cost through decentralisation, simplification of procedures and various other measures as enumerated in the Exim Policy. Steps have also been taken to promote exports through multilateral and bilateral initiatives, identification of thrust sectors and focus regions. Measures have also been taken a keep the balance of payments under control by cautious approach towards the capital account convertibility, a tight control on short term external debt and medium term commercial borrowings, appropriate policy measures to encourage non-debt creating financial flows and close monitoring on the movements of exchange rate of Rupee.